



GOODWILL INDUSTRIES

Of Lower South Carolina, Inc.

5640 Rivers Avenue
Charleston, SC 29406-6027
Phone: (843) 566-0072 Fax (843) 566-0062
www.GoodwillLSC.org

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*Over 90 cents of every dollar
earned goes into community
programs and services*

9,831 people served in 2003

January 24, 2005

President's Committee for Purchase
From People Who Are Blind or Severely Disabled
1421 Jefferson Davis Highway
Jefferson Plaza 2, Suite 10800
Arlington, VA 22202-3259

Attn: Mr. John Heyer

RE: Comments to the Proposed Rules Regarding the Javits-Wagner-O'Day
Program

Goodwill Industries of Lower South Carolina ("GWLSC ") appreciates the opportunity to provide our comments to the President's Committee for Purchase From People Who Are Blind or Severely Disabled ("Committee") and the Office of Management and Budget. We are corresponding to communicate our opposition to the proposed notice of Committee rulemaking [Docket No.2004-01-01].

With over 75% of its direct labor provided by people with disabilities, "GWLSC" is the largest employer of people with disabilities in the state. We are one of the most cost-effective nonprofits in the United States with over 90% of our revenues funding workforce development job training services and programs such as the Homeless Veteran Re-integration and WIA Summer Youth programs. In 2004, Goodwill Industries provided employment services to over 13,000 individuals with physical, emotional and mental disabilities and those faced with conditions of homelessness and/or economic disadvantages.

GWLSC shares the Committee's concern about organizations that engage in mismanagement to the detriment of the people it serves or abuses its nonprofit status. We disagree that the proposed rules, which will impact all participating non-profit agencies, are the proper mechanism to effect such change, especially in light of the Committee's own comment that the overwhelming majority of JWOD- affiliates central nonprofit agencies and nonprofit agencies operate in an ethical and accountable manner.

If the managerial compensation levels specified in the proposed rules were restricted for non profit organizations, many would be unable to recruit and retain

Goodwill Industries Mission is...
To help people achieve their full potential through the dignity and power of work!

the most experienced and talented personnel, particularly in high-cost-of-living metropolitan areas.

The authorizing statute for the JWOD program clearly delineates the powers and responsibilities of the Committee (41 CFR 51-2.2, 41 U.S.C. § 46). These powers and responsibilities do not extend to governance standards or executive compensation. Both Congress and the Internal Revenue Service (IRS) have jurisdiction over these areas. The Committee is mandated with determining which commodities and services should be on the Committee's procurement list and fair market prices, and informing federal agencies about the JWOD program.

In addition to exceeding the scope of the committee's authorization and congressional mandate, the proposed regulations could also have a negative impact on job creation for people with disabilities causing the unemployment rate for this population to increase severely in the state of South Carolina.

As a participating JWOD agency, we at GWLSC would hope that the Committee would comply fully with the Congressional intent to provide employment and training opportunities for persons who are blind or have other severe disabilities and not delve into areas for which it lacks both the Congressional and statutory authority necessary to promulgate governance and other standards. The proposed rules will impact the entire community of participating nonprofit agencies, despite the Committee's own comment that the overwhelming majority of JWOD-affiliated central nonprofits agencies and nonprofit agencies operate in an ethical and accountable manner.

The statutory authority and regulations, as well as the legislative history, in addition to the applicable federal case law, do not support the Committee's actions. Furthermore, we have a concern understanding the rationale for the Committee to purport to assume regulatory authority over the governance standards for nonprofit, tax-exempt 501 (c) (3) organizations, because numerous federal entities exist to regulate these organizations. Congress, through the Senate Finance Committee, is scrutinizing the issue of governance standards of nonprofits. Primary oversight over a wide range of financial and governance affairs, including executive compensation, resides with the Internal Revenue Service ("IRS"). IRS is empowered to impose intermediate sanctions on nonprofits not in compliance. Each 501(c)(3) organization must annually file a Form 990, which discloses to the public its finances, including administrative expenses and executive compensation. These documents are readily available for public scrutiny and are available for Committee review and evaluation.

We urge the Committee For Purchase not to adopt these misguided regulations, which are overreaching and not in the best interests of maintaining the JWOD program. We believe that the proposed rules do not advance the Congressional intent of the enacting JWOD legislation, and would, if adopted, diminish the

program's ability to increase employment opportunities for people who are blind and those who have disabilities.

On behalf of people who are blind and who have significant disabilities, we respectfully request that the Committee withdraw these rules.

Respectfully,

Robert G. Smith
President & CEO